



Senate

General Assembly

File No. 112

February Session, 2012

Substitute Senate Bill No. 316

Senate, March 26, 2012

The Committee on General Law reported through SEN. DOYLE of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING NOTIFICATION OF THE EXPIRATION OF
TRIAL OFFERS, INTRODUCTORY RATES AND AUTOMATIC
CONTRACT RENEWALS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 42-126b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2013*):

3 (a) No person, firm, partnership, association or corporation, or agent
4 or employee thereof, shall, in any manner, or by any means, offer for
5 sale goods, wares or merchandise, where the offer includes the
6 voluntary and unsolicited sending of goods, wares or merchandise not
7 actually ordered or requested by the recipient, either orally or in
8 writing. The receipt of any such unsolicited goods, wares or
9 merchandise shall for all purposes be deemed an unconditional gift to
10 the recipient who may use or dispose of the same in any manner such
11 recipient sees fit without any obligation on such recipient's part to the
12 sender.

13 (b) Any person, firm, partnership, association or corporation that
14 sells or offers to sell any products or services used primarily for
15 personal, family or household purposes pursuant to a trial offer or at
16 an introductory rate that will change at the end of the introductory rate
17 period, shall provide the recipient of such products or services with
18 clear and conspicuous written notice that the recipient may cancel such
19 products or services upon the expiration of such trial offer or
20 introductory rate period. Such notice shall include the procedure for
21 such cancellation and shall be provided with any written promotional
22 material for such products or services furnished to the recipient
23 [before] at least fifteen days but not more than sixty days prior to the
24 start of the trial offer or the introductory rate period [or] and with the
25 initial delivery of such products or services to the recipient. Any such
26 products or services furnished to the recipient after the expiration of
27 such trial offer or introductory rate period, where such trial offer or
28 introductory rate period is cancelled or not otherwise renewed or
29 continued by the recipient, shall be deemed an unconditional gift
30 under subsection (a) of this section. The provisions of this subsection
31 shall not apply to (1) any trial offer or introductory rate period
32 provided by a public service company, as defined in section 16-1, an
33 affiliate or subsidiary of such public service company, [or any certified
34 telecommunications provider, as defined in section 16-1,] to any
35 consumer with whom such public service company, affiliate or
36 subsidiary [, or certified telecommunications provider] has an
37 established and ongoing business relationship, provided such public
38 service company, affiliate or subsidiary [, or certified
39 telecommunications provider] shall inform such consumer of the
40 procedure to cancel such trial offer or to cancel after the expiration of
41 the introductory rate period, (2) any transaction involving the use of a
42 negative option plan that is governed by 16 CFR Part 425, and (3) any
43 contract subject to the provisions of sections 36a-675 to 36a-685,
44 inclusive. [, and (4) any introductory rate where the rate paid by the
45 consumer after the end of the introductory rate period has been clearly
46 and conspicuously disclosed to the consumer in the contract.]

47 (c) (1) Any person, firm, partnership, association or corporation that

48 sells or offers to sell any products or services used primarily for
49 personal, family or household purposes for a specified period of time
50 [of more than one hundred eighty days] pursuant to a written contract
51 that contains a provision for automatic renewal of the contract [for a
52 period of time of more than thirty-one days] at the end of the period of
53 time specified in the contract shall provide the recipient of such
54 products or services with a clear and conspicuous written notice that
55 the recipient may cancel such contract. Such notice shall include the
56 procedure for such cancellation. Such notice shall be given at least
57 fifteen days but not more than sixty days prior to: (A) The date upon
58 which the contract will be renewed, or (B) the expiration of the time
59 period for cancellation by the recipient, whichever time period is
60 earlier. Mailing of the written notice required by this subdivision by
61 United States mail to the address of the recipient listed in the contract
62 shall satisfy the notice requirements of this subdivision. If a contract
63 subject to the provisions of this subsection is entered into electronically
64 or the consumer agrees to receive notice electronically, the written
65 notice required by this subsection may be transmitted by electronic
66 mail.

67 [(2) Any person, firm, partnership, association or corporation that
68 sells or offers to sell any products or services used primarily for
69 personal, family or household purposes for a specified period of time
70 of one hundred eighty days or less pursuant to a written contract that
71 contains a provision for automatic renewal of the contract for a period
72 of time of more than thirty-one days at the end of the period of time
73 specified in the contract, shall include in such contract a clear and
74 conspicuous written notice that the recipient of such products or
75 services may cancel such contract and the procedure for such
76 cancellation, provided the recipient shall not be required to exercise
77 such right of cancellation more than sixty days prior to the expiration
78 of the specified period of time.]

79 [(3)] (2) If such notice is not provided to the recipient in accordance
80 with subdivision (1) of this subsection, [or included in the contract in
81 accordance with subdivision (2) of this subsection, as the case may be,]

82 any such products or services furnished to the recipient after the
83 expiration of the period of time specified in the contract shall be
84 deemed an unconditional gift under subsection (a) of this section.

85 [(4)] (3) Nothing in this subsection shall be construed to apply to a
86 health club contract subject to the provisions of section 21a-219, a
87 contract subject to the provisions of sections 36a-675 to 36a-685,
88 inclusive, or any contract between a condominium or housing
89 association and a person other than an individual.

90 (d) The provisions of this section shall not apply to any banking,
91 insurance or securities product or service, the provision of which is
92 subject to regulation or licensing by the state or a federal agency.

93 (e) A violation of any provision of this section shall be deemed an
94 unfair or deceptive trade practice under subsection (a) of section 42-
95 110b.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2013	42-126b

GL *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

There is no fiscal impact to the Department of Consumer Protection (DCP) in specifying a timeframe for complying with the law requiring consumers to be notified about how to cancel a product or service offered under a trial offer or introductory rate, as the agency currently acts on such complaints.

The Out Years

State Impact: None

Municipal Impact: None

OLR BILL ANALYSIS**sSB 316*****AN ACT CONCERNING NOTIFICATION OF THE EXPIRATION OF TRIAL OFFERS, INTRODUCTORY RATES AND AUTOMATIC CONTRACT RENEWALS.*****SUMMARY:**

This bill specifies a timeframe for complying with the law requiring consumers to be notified about how to cancel a product or service offered under a trial offer or introductory rate. It also imposes this notice requirement on certified telecommunications providers when they provide a product or service on a trial offer or introductory rate.

The bill makes uniform the requirement for notifying consumers about cancelling a consumer goods written contract with automatic renewal provisions. Under current law, the requirements vary depending on the contract's length.

EFFECTIVE DATE: October 1, 2013

TRIAL OFFERS AND INTRODUCTORY RATES

Under current law, which the bill applies to certified telecommunications providers, anyone who sells or offers to sell consumer goods or services under a trial offer or at an introductory rate that will change when it expires, must provide clear and conspicuous written notice that the consumer may cancel the product or service at the end of the trial offer or introductory rate. It also makes any product or service given to the consumer after the trial offer or introductory rate period expires and is cancelled or not renewed, an unconditional gift.

The bill specifies a timeframe for notifying consumers about cancelling a contract for a product or service provided on a trial basis

or introductory rate. It requires notification to be between 15 and 60 days before the trial offer or introductory rate periods starts and the product or service's initial delivery, rather than before start of these transactions.

CANCELLATION NOTICES FOR CONTRACTS WITH AUTOMATIC RENEWAL PROVISIONS

The bill imposes uniform cancellation notice requirements for consumer goods written contracts with automatic renewal provisions. Under current law, the notice requirements depend on whether the contract period is over or under 180 days. Generally, anyone who sells or offers to sell consumer goods or services under a written contract that will last less than 180 days with a provision automatically renewing it for more than 31 days must provide a clear and conspicuous written notice that the consumer may cancel the contract and specify how he or she may do so. The contract must not require the consumer to cancel more than 60 days prior to the expiration of the specified time period.

For contracts over 180 days with provisions automatically renewing them for more than 31 days, current law requires sellers to provide a clear and conspicuous written notice informing the purchaser that he or she can cancel the contract. The notice must include the cancellation procedure and be given to the consumer between 15 and 60 days before (1) the contract's renewal date or (2) the expiration of the time period for cancellation, whichever is earlier. Sending written notice by U.S. mail satisfies the notice requirement. If it is an electronic contract or the consumer agrees to receive notice electronically, notice may be transmitted by electronic mail.

The bill makes the cancellation notice requirement uniform by eliminating the 180-day distinction. It also imposes the requirements on all contracts regardless of the length of the automatic renewal time.

COMMITTEE ACTION

General Law Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/13/2012)